# Message Text

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INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 COME-00 EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-03 H-01 IGA-02 PA-01 PRS-01 NSC-05 SS-15 STR-04 CEA-01 /156 W

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PR 101625Z FEB 77

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 0152

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMCONSUL OPORTO

AMEMBASSY PARIS

AMCONSUL PONTA DELGADA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION EC BRUSSELS

USMISSION GENEVA

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E.O. 11652: XGDS-3 TAGS: ELAB PINT PO

SUBJECT: IRVING BROWN'S VISIT TO PORTUGAL

REFS: (A) STATE 023515 (NOTAL), (B) STATE 014890 (NOTAL),

(C) LISBON 0830 (NOTAL), (D) LISBON 0539,

(E) LISBON 1118

SUMMARY: AFL-CIO REPRESENTATIVE IRVING BROWN MET WITH AMBASSADOR, MARIO SOARES, AND PSD OFFICIALS DURING A VISIT TO LISBON FEB 5 - 6 FOR DISCUSSIONS ON THE FEASIBILITY OF AFL-CIO SUPPORT FOR A LABOR TRAINING PROJECT IN PORTUGAL. INITIAL TALKS INDICATED THAT POLITICAL AND ADMINISTRATIVE PROBLEMS COULD BE OVERCOME CONFIDENTIAL

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AND THERE WAS A POSSIBILITY FOR AFL-CIO PROGRAMS WITH BOTH THE SOCIALISTS AND THE PSD. SUBSEQUENT TALKS WITH THE PRIME MINISTER RAISED NEW ASPECTS AND SOARES REQUESTED THAT THE MATTER "BE PUT IN DEEP FREEZ" UNTIL HE RETURNS FROM HIS VISIT TO EC COUNTRIES AND CAN CONSIDER PROPOSAL FULLY. END SUMMARY.

- 1. AFL-CIO EUROPEAN REPRESENTATIVE IRVING BROWN VISITED PORTUGAL FEB 5-6. EMBASSY ARRANGED SCHEDULE WHICH INCLUDED MEETINGS WITH AMBASSADOR AND AAD DIRECTOR; PRIME MINISTER MARIO SOARES AND HIS LABOR ADVISOR, PELAGIO MADUREIRA; PSD VICE PRESIDENT RUI MACHETE AND PSD LABOR ADVISOR MARIO PINTO; AND FRIEDRICH EBERT FOUNDATION REPRESENTATIVE GERHARD FISCHER. LABATT ACCOMPANIED BROWN FOR ALL MEETINGS.
- 2. MEETING WITH AMBASSADOR AND AID DIRECTOR: PURPOSE OF MEETING WAS TO EXPLORE PROBLEMS OF POLICY COORDINATION AND FUNDING RAISED BY REFS (B) AND (C). BROWN EMPHASIZED IMPORTANCE OF LETTING PORTUGUESE PROPOSE TYPE OF PROGRAM THEY NEEDED, AFTER WHICH AFL-CIO COULD DESIGNATE AREAS WHERE IT COULD OFFER ASSISTANCE. BROWN SAW A NEED TO TRAIN DEMOCRATIC LABOR CADRE. HE TENTATIVELY ENVISIONED AFL-CIO SUPPORT FOR A LABOR TRAINING PROGRAM, EITHER JOINTLY WITH THE SOCIALISTS (PS) AND THE SOCIAL DEMOCRATS (PSD), OR IT THIS WERE NOT POSSIBLE, WITH EACH OF THE TWO PARTIES SEPARATELY. PROGRAM WOULD BE CONDUCTED BY PORTUGUESE INSTRUCTORS. PRESENCE OF U.S. PERSONNEL WOULD BE LIMITED TO AN INITIAL VISIT BY A QUALIFIED PORTUGUESE-SPEAKING PERSON (BROWN SUGGESTED MIKE BOGGS) FOR A THREE MONTH PERIOD TO HELP ESTABLISH CURRICULUM AND TRAIN PORTUGUESE INSTRUCTORS. BROWN RECALLED THAT PROGRAMS HE HAD MANAGED WHILE IN CHARGE OF THE AFRICAN AMERICAN INSTITUTE HAD NOT BEEN BURDENED WITH LOCALLY RESIDENT AMERICAN PERSONNEL.

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3. FUNDING PROBLEMS: AID DIRECTOR NOTED THAT USE OF AID PORTUGAL FY 77 TECHNICAL CONSULTANT AND TRAINING PROJECT FUNDS AS MECHANISM FOR FUNDING AFL-CIO PROGRAM DEPENDED VERY MUCH ON NATURE OF PROGRAM TO BE FUNDED AND DEGREE OF PUBLICITY PROGRAM COULD STAND. AID DIRECTOR EMPHASIZED THAT ALL APPROPRIATED FUNDS DESTINED FOR PROJECTS IN PORTUGAL WERE COVERED BY JOINT AGREEMENTS, AND THAT EXPENDITURE OF ALL FUNDS MUST BE PUBLICLY ACCOUNTABLE. WHILE AFL-CIO PARTICIPATION IN TRAINING PROJECT WOULD NEED TO BE FULLY ACKNOWLEDGED BY ALL PARTIES CONCERNED, PUBLIC KNOWLEDGE THAT THE U.S. GOVERNMENT WAS THE ULTIMATE SOURCE OF FUNDING FOR THE PROJECT COULD CREATE OVER-RIDING POLITICAL PROBLEMS FOR GOP. A POSSIBLE SOLUTION WOULD BE FOR THE FUNDS DESTINED FOR THE AFL-CIO PROJECT TO BE PROGRAMMED DIRECTLY BY AID/WASHINGTON TO THE AAFLI FROM THE AID PORTUGAL FY 77 APPROPRIATION AND THEREFORE DEDUCTED PRIOR TO SIGNATURE OF OVERALL TECHNICAL ASSISTANCE AGREEMENT IN LISBON. THUS OF \$55 MILLION

APPROPRIATED BY CONGRESS FOR SUPPORTING ASSISTANCE TO PORTUGAL, SOMETHING LESS THAN THAT WOULD BE SUM TOTAL OF ALL LOAN AND GRANT AGREEMENTS SIGNED WITH GOP.

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- 4. POLICY COORDINATION AND CONTROL: BROWN, THE AMBASSADOR, AND AID DIRECTOR AGREED THAT FULL PRIOR CONSULTATION ON ANY PROGRAM, WITH PERIODIC REVIEWS BY EMBASSY AND AID WOULD BE REQUIRED TO ENSURE POLICY COORDINATION AND CONTROL. TWELVE TO FIFTEEN MONTH INITIAL FUNDING WAS ALSO AGREED AS MOST APPROPRIATE.
- 5. MEETING WITH SOARES: MEETING WAS ARRANGED AT PRIME MINISTER'S REQUEST WHEN SOARES LEARNED OF BROWN'S VISIT. CORDIAL EXCHANGE OF VIEWS LASTED ONE HOUR. BROWN OUTLINED AFL-CIO INTEREST IN ASSISTING LABOR TRAINING AND ASKED SOARES FOR SUGGESTIONS AS TO TYPE OF PROGRAM WHICH MIGHT BE USEFUL. BROWN ALSO INDICATED INTEREST IN PROGRAM WHICH MIGHT INCLUDE LABOR CONFIDENTIAL

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LEADERS FROM PSD. SOARES WAS INTERESTED AND RECEPTIVE TO BROWN'S OFFER OF AFL-CIO COLLABORATION IN LABOR TRAINING AND DIRECTED HIS LABOR ADVISOR, MADUREIRA, TO PREPARE A SUGGESTED PROGRAM FOR FORWARDING TO BROWN. SOARES HAD NO RESERVATIONS ABOUT PRESENCE OF FOREIGN LABOR ADVISORS COMING TO TRAIN PORTUGUESE INSTRUCTORS. SOARES REACTED NEGATIVELY, HOWEVER, TO BROWN'S MENTION OF THE AFL-CIO ALSO WORKING WITH THE PSD. SOARES SAID "THE GERMANS WANTED TO DO THE SAME THING AND I TOLD THEM THEY COULDN'T BET ON TWO HORSES." BROWN REPLIED THAT AFL-CIO WAS NOT A SOCIALIST PARTY AND WAS ONLY CONCERNED WITH STRENGTHENING DEMOCRATIC LABOR. MATTER WAS DROPPED WITH TACIT UNDERSTANDING THAT, ALTHOUGH SOARES WAS NOT HAPPY WITH PROSPECT AFL-CIO WOULD ALSO WORK WITH PSD, SUCH MIGHT BE POSSIBLE ON A "LIVE AND LET LIVE" BASIS.

- 6. MEETING WITH PSD: PSD VICE PRESIDENT RUI MACHETE AND LABOR ADVISOR MARIO PINTO WERE PLEASED WITH RECENT PSD LABOR SUCCESSES. THEY EMPHASIZED TO BROWN PROGRESS PSD HAD MADE IN LABOR SINCE FOUNDING OF THE OLIVEIRA MARTINS FOUNDATION. PINTO AGREED TO SUPPLY BROWN WITH ADDITIONAL INFORMATION CONCERNING THE INSTITUTE FOR LABOR AND SOCIAL TRAINING (REF E), AN ADULT EDUCATION FACILITY WHICH HAS THE PARTICIPATION OF BOTH PS AND PSD INSTRUCTORS. MACHETE AND PINTO EMPHASIZED IMPORTANCE OF COOPERATION WITH SOCIALISTS BUT WERE NOT OPTIMISTIC OVER THE PROSPECTS.
- 7. MEETING WITH FRIEDRICH EBERT FOUNDATION REPRESENTATIVE: FISCHER TOLD BROWN OF FOUNDATION'S PROGRAM IN PORTUGAL WHICH IS DIVIDED INTO FOUR MAJOR SECTORS: LABOR; MEDIA; ADULT EDUCATION; AND COOPERATIVES. FISCHER HAS RESIDED IN PORTUGAL ONLY TWO MONTHS AND SAID FOUNDATION HAD NOT YET DECIDED HOW IT CAN BEST UNDERTAKE A LABOR PROGRAM. DECISION SHOULD BE MADE WITHIN A MONTH AND FOUNDATION "IS THEN PREPARED TO MOVE IN A BIG WAY." FISCHER WAS FAVORABLE CONFIDENTIAL

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TO PROSPECT OF COOPERATION WITH THE AFL-CIO AND AT ONE POINT SUGGESTED THAT AFL-CIO ASSIST IN TRAINING FIVE PORTUGUESE WHICH EBERT FOUNDATION IS FUNDING AT THE SOCIALIST'S CENTER FOR LABOR STUDIES (CES).

8. BROWN'S REACTION TO VISIT: BROWN WOULD PREFER TO WORK WITH BOTH PS AND PSD IN SINGLE PROGRAM BUT RECOGNIZED THAT THIS PROBABLY IS NOT POSSIBLE AND THAT IT WOULD BE NECESSARY

FOR AFL-CIO TO SUPPORT SEPARATE TRAINING PROGRAMS FOR EACH PARTY. BROWN DOUBTED THAT PROFFERED COOPERATION OF EBERT FOUNDATION WILL MATERIALIZE BUT WAS WILLING TO WAIT AND SEE. AMBASSADOR SUBSEQUENTLY MET WITH FRG AMBASSADOR WHO STRESSED THAT SUCH COOPERATION IS DESIRABLE AND THAT HE WOULD SO RECOMMEND TO BONN.

9. AMBASSADOR'S MEETING WITH SOARES: DURING A SUBSEQUENT MEETING WITH PRIME MINISTER FEB 9, AMBASSADOR INFORMED SOARES THAT ULTIMATE SOURCE OF AFL-CIO FUNDS WOULD BE THE U.S.
GOVERNMENT AND THAT SOARES SHOULD HAVE PRIOR KNOWLEDGE OF THAT FACT IN CONSIDERING PROGRAM. SOARES ACKNOWLEDGED THAT THIS COULD PRESENT A PROBLEM AND SUGGESTED THAT MATTER "BE PUT IN DEEP FREEZE" UNTIL HE RETURNS FROM HIS FORTHCOMING VISITS TO EC COUNTRIES. AMBASSADOR ALSO MENTIONED THAT AFL-CIO COULD NOT WORK EXCLUSIVELY WITH ONE POLITICAL PARTY BUT WOULD WISH TO HAVE PROGRAM WITH PSD AS WELL. SOARES REPEATED HIS HORSERACE ANALOGY AND AGAIN SUGGESTED THAT THE PROJECT BE "PUT ON ICE." SOARES ALSO INDICATED THAT "OTHER EUROPEANS" WERE UNHAPPY OVER PROSPECT THAT AFL-CIO MIGHT UNDERTAKE A PROGRAM IN PORTUGAL.

10. COMMENT: BROWN'S VISIT PROVIDED OCCASION FOR HIGHLY USEFUL EXCHANGES. VISITS WERE CORDIAL IN EVERY INSTANCE. ALTHOUGH SOARES EVIDENCED CERTAIN RESERVATIONS REGARDING PROGRAM SUBSEQUENT TO MEETING WITH BROWN, IT IS ESSENTIAL THAT SUCH PITFALLS BE EXPOSED BEFORE PROGRAM IS UNDERTAKEN. TIMING OF BROWN'S VISIT PARTICULARLY USEFUL AS SOCIALIST CONFIDENTIAL

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NATIONAL COMMITTEE WILL BE FEB 12 TO DISCUSS LABOR STRATEGY, AND CAN NOW DO SO WITH KNOWLEDGE OF POSSIBLE SUPPORT FROM AFL-CIO.
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